

**REPORT/RECOMMENDATION TO THE BOARD OF DIRECTORS
COUNTY OF SAN BERNARDINO REDEVELOPMENT AGENCY, CALIFORNIA
AND RECORD OF ACTION**

June 22, 2004

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FROM: JOHN E. NOWAK, Redevelopment Administrator

**SUBJECT: COUNTY OF SAN BERNARDINO REDEVELOPMENT AGENCY CAPITAL
IMPROVEMENTS BUDGET FOR FISCAL YEAR 2004-05.**

RECOMMENDATION:

- (1) Adopt the FY 2004-05 Capital Budget for the County of San Bernardino Redevelopment Agency; and
- (2) Authorize the Executive Director (Interim, Executive Director, Mark Uffer) or his designee to individually control the expenditure of funds for designated projects.

BACKGROUND INFORMATION: The County of San Bernardino Redevelopment Agency (CoRDA) is authorized under California redevelopment law to undertake various capital improvement projects to accomplish the goals in adopted redevelopment project areas. Since the establishment of the San Sevaire Redevelopment Area, the CoRDA has been approving capital projects through a series of agreements with County departments to design and construct the projects. Since the agreements were adopted there has been limited monitoring of actual expenditures and impacts on the Agency's available funds.

To fully understand the projects that have been approved by the CoRDA's Board of Directors and the financial commitments to those projects, establishment of a Capital Budget for the CoRDA is proposed. The Budget identifies approved projects, amounts expended to date, and future projected costs. Since most projects take more than one fiscal year to develop and construct, two years of budgeted amounts are shown as well as estimated capital costs beyond the two-year period. The sources of funding are:

Increment: Funds derived from the tax increment generated within the project area.

2000 Bond: Funds received from the 2000 Tax Allocation Bond issue (\$17.7 million net available revenues).

2004 Bond: Funds anticipated to be received from the 2004 Tax Allocation Bond issue (\$15 million estimated net available revenues).

Other: Miscellaneous funding sources available to the departments for the capital projects that are not related to redevelopment increment.

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BUDGET FOR FISCAL YEAR 2004-05**

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The total Capital Budget for the San Seivaine Redevelopment Area (non-housing) is \$52,297,981, with \$6,820,015 proposed for FY 2004-05. Of that amount \$6,445,015 would be from Agency bond proceeds and tax increment. The total Capital Budget for the San Seivaine Redevelopment Area Housing Fund is \$10,463,729, with \$5,850,000 proposed for FY 2004-05. All funding would be from tax increment generated sources.

A Capital Budget is also proposed for the County's portion of the Victor Valley Economic Development Authority (VVEDA). \$400,000 is proposed for non-housing business incentives, and \$500,000 is proposed for affordable housing projects. All funds would be from tax increment generated within the VVEDA area.

As other redevelopment project areas are established, capital budgets will be proposed for the Agency Board's adoption.

To better manage the Agency's funding and expenditures, a new approach with County departments is proposed. A single agreement would authorize the department to undertake projects on behalf of the Agency, and the CoRDA's Capital Budget will be the controlling document identifying which projects the Agency will participate in funding and the maximum amount authorized for the project in each fiscal year. If any increases in Agency funding are required, the Agency Board will need to amend the Capital Budget by a 4/5ths vote. The new agreements will be submitted to the Board for consideration.

REVIEW AND APPROVAL BY OTHERS: This report has been reviewed by Deputy County Counsel Michelle D. Blakemore (387-5455), on June 14, 2004; by the County Administrative Office, Patricia M. Cole, Administrative Analyst III (387-5346), on June 14; by Patrick Mead, Director of Public Works (387-7916), on June 15, 2004; and by Peter Hills, Fire Chief (387-5974) on, June 9, 2004.

FINANCIAL IMPACT: The amounts proposed for the Capital Budget are within the Agency's available tax increment revenues and 2000 Bond issue fund balances. The amounts proposed for the 2004 Bond issue are within the projected capacity identified by the fiscal consultant. Other funds have been identified by the departments as being available for the projects. Should any unanticipated decreases in projected revenues be identified, the budget will be amended accordingly.

COST RECOVERY REVIEW: The County Administrative Office has reviewed this agenda item and concurs with the department's proposal, and recommends the action based on the need for the Redevelopment Agency to establish a firm document to allocate and manage funding for capital projects for the redevelopment project areas.

SUPERVISORIAL DISTRICT(S): First, Second

PRESENTER: John E. Nowak, Redevelopment Administrator, (909) 381-7983.

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